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SECRET 011150Z AUG 71 CITE SAIGON 34901

DIRECTOR

1 AUG IN 391297

REFS: A. EMBASSY SAIGON 11380 #57319

B. DIRECTOR 165101

C. EMBASSY SAIGON 12138 #64023

1. REF C GIVES CURRENT STATUS PHUNG HOANG HIGH VALUE REWARDS PROGRAM.

2. WHILE STATION NOT DIRECTLY INVOLVED IN PROGRAM, PHUNG HOANG DIRECTOR, [REDACTED] HAS KEPT STATION INCLUDING ROICS, INFORMED OF ALL DEVELOPMENTS CONCERNING THIS ATTEMPT TO GET QUALITY NEUTRALIZATIONS. STATION WILL MONITOR THIS PROGRAM THROUGH [REDACTED] AND POLICE SPECIAL BRANCH (A) TO ENSURE THAT VCI OF OPERATIONAL INTEREST TO STATION ARE NOT TARGETTED FOR NEUTRALIZATION AND (B) TO BE ALERT TO OPPORTUNITIES AS PROGRAM UNFOLDS FOR RECRUITMENTS, RATHER THAN NEUTRALIZATIONS. PROGRAM IS STILL IN PILOT STAGE, SO IT IS TOO EARLY TO JUDGE WHETHER RECRUITMENT OPPORTUNITIES WILL SURFACE AS BY-PRODUCT OF THIS NEUTRALIZATION EFFORT.

3. FYI: PROGRAM HAS BEEN UNDER CONSIDERATION BY MACCORDS

CABLE SECRETARIAT DISSEMINATION		CLASSIFIED MESSAGE	TOTAL COPIES	ROUTING AND/OR INITIALS-SEEN BY	
PERSON/UNIT NOTIFIED		SECRET (When Filled In) GROUP 1 DOWNGRADING AND DECLASSIFICATION	1	5	
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FOR MANY MONTHS BUT ONLY RECENTLY GOT ~~OFF THE~~ ~~GROUND~~ AFTER TECHNICAL PROBLEM OF MACCORDS FUNDING WAS RESOLVED AND JUSPAO RESERVATIONS WERE, AT LEAST TO SOME EXTENT, OVERCOME. EMBASSY APPEARS TO BE LESS THAN ENTHUSIASTIC ABOUT PROGRAM BUT HAS NOT OFFICIALLY OBJECTED.

4. AMBASSADOR COLBY WAS STRONG SUPPORTER OF PROGRAM AND SECRETARY LAIRD WAS QUOTED IN RECENT JCS CABLE AS BEING PERSONALLY INTERESTED IN GIVING FURTHER IMPETUS TO REWARDS PROGRAMS GENERALLY.

5. MACCORDS ANTICIPATES PRESS INTEREST AND POSSIBLE CRITICISM AND IS PREPARED TO FIELD QUESTIONS POINTING OUT THAT OFFERING REWARDS TO INFORMANTS IS CLASSICAL POLICE TECHNIQUE (EVEN IN U.S.) CORDS ALSO PREPARED TO ACKNOWLEDGE IF PRESSED THAT US GOVERNMENT IS ULTIMATE SOURCE OF FUNDS (IN VIEW NATURE OF REVIEW OF DOD EXPENDITURES THIS SEEMS UNAVOIDABLE). GENERAL LINE TO BE TAKEN WITH PRESS AS PROPOSED BY MACCORDS HAS BEEN APPROVED BY MISSION COUNCIL.

6. AS REFS A AND C POINT OUT THIS PROGRAM IS EXPERIMENTAL. GVN UNDERSTANDS FULLY THAT EXPANSION OF PROGRAM DEPENDS ON ITS SUCCESSFUL IMPLEMENTATION IN ORIGINAL FOUR PROVINCES. IN FACT IT WAS GVN DECISION TO REJECT ORIGINAL LIST OF CANDIDATES TO BE TARGETTED. (REF C.)

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7. MACCORDS VIEW IS THAT AT MINIMUM THIS PROGRAM WILL HARASS VCI AND, IF SUCCESSFUL, NEUTRALIZATION (INCLUDING EXPLOITATION) OF IMPORTANT VCI WILL MORE THAN JUSTIFY RELATIVELY MINOR EXPENDITURE AND SOME ADVERSE CRITICISM. MACCORDS BELIEVE THAT ONLY WAY TO FIND OUT WHETHER THIS TECHNIQUE WILL WORK IS TO TRY IT AND SEE.

8. ON 31 JULY, ALVIN SCHUSTER, SAIGON BUREAU CHIEF OF NEW YORK TIMES, CONTACTED [] SAYING HE HAD LEARNED ABOUT HIGH VALUE REWARDS PROGRAM AND WAS COLLECTING DETAILS. [] RELATED MACCORDS LINE TO SCHUSTER AND SUGGESTED THAT HE OBTAIN FURTHER DETAILS FROM MACCORDS AND PHUNG HOANG DIRECTORATE. STATION VIEW IS THAT SCHUSTER WILL WRITE FACTUAL ARTICLE FOR NY TIMES ON THIS PROGRAM BUT IN SO DOING WILL EMPHASIZE BOUNTY ASPECTS OF PROGRAM.

9. WILL CONTINUE TO MONITOR PROGRAM AND REPORT DEVELOPMENTS.

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